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102D CONGRESS
1st Session
HOUSE OF REPRESENTATIVES
REPORT
102-336

PERMITTING THE IMPORTATION OF GOLD COINS FROM THE SOVIET UNION

NOVEMBER 19, 1991.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. ROSTENKOWSKI, from the Committee on Ways and Means, submitted the following

REPORT

[To accompany H.R. 3347]

[Including cost estimate of the Congressional Budget Office]

The Committee on Ways and Means, to whom was referred the bill (H.R. 3347) to repeal the prohibition on the importation of gold coins from the Soviet Union, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

DESCRIPTION OF THE BILL

H.R. 3347 provides that section 510 of the Comprehensive Anti-Apartheid Act of 1986 is repealed.

Section 510 of the Comprehensive Anti-Apartheid Act of 1986 prohibits the importation into the United States by any person, including a bank, of any gold coins minted in the Union of Soviet Socialist Republics (USSR) or offered for sale by the Government of the USSR. Any individual who violates the prohibition or implementing regulations is subject to a fine of not more than five times the value of the gold coins involved.

BACKGROUND AND PURPOSE

A side letter to the Agreement on Trade Relations Between the United States of America and the Union of Soviet Socialist Republics signed on June 1, 1990, confirms the understanding reached by the two governments that the U.S. Government "will, during 1990, request that the U.S. Congress repeal the prohibition on the importation into the United States of gold coins from the Soviet Union

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and will take all possible measures to repeal this prohibition by December 31, 1991." This letter, which is an integral part of the Agreement, was addressed to the Deputy Minister of Foreign Economic Relations of the USSR and signed on June 1, 1990, by U.S. Trade Representative Carla A. Hills.

On August 2, 1991, in accordance with section 407 of the Trade Act of 1974, the President transmitted to the Congress a copy of a proclamation that extends nondiscriminatory (most-favored-nation) treatment to the products of the USSR together with the text of the Agreement, including related annexes and exchanges of letters (H. Doc. 102-127). On September 17, the Administration proposed legislation to repeal the prohibition on importation of Soviet gold coins in order to fulfill the commitment made by Ambassador Hills. Mr. Gibbons introduced H.R. 3347 on the same day in response to that request.

The import ban was included in the South Africa sanctions legislation in order to preclude potential benefits to the Soviet Union as a result of the prohibition imposed by the Comprehensive Anti-Apartheid Act on imports of the South African gold Kruggerand. U.S. citizens are barred from purchasing new gold coins issued by the Soviet Union and Soviet gold coins minted hundreds of years ago cannot be brought to the United States for historical exhibits or educational purposes. However, Soviet gold in the form of bullion bars, as well as silver, platinum, and palladium commemorative coins, can legally enter and be freely sold throughout the U.S. market.

Governments mint both bullion coins, which are traded as an investment product at the spot price of gold, and commemorative coins, which are sold to collectors at a fixed price. The Soviets have tried and failed twice in the past to market a gold bullion coin. Seven gold bullion coins currently circulate worldwide, including the South African Kruggerand and the American Eagle, which was authorized by the Congress soon after the import ban was imposed. The American Eagle is the dominant gold bullion coin in the United States and is exported to many other countries. The industry believes that a new Soviet bullion coin would have little impact on this highly competitive market.

Although the Soviets have minted bullion and commemorative coins over the years, prior to 1988 they did not have a government program to distribute or market coins. The U.S. market was relatively small except for the 1980 Olympic coin. In June 1988, a Soviet-German joint venture "Mezhumizmatiks" became the sole entity in the Soviet Union authorized to deal with all Soviet numismatic coins. In December 1988, the Soviets announced the first annual set of coins for global distribution commemorating 1,000 years of Russian history. In 1990, the Soviets announced at least three precious metal coin sets and, following the signing of the trade agreement, the minting of a new gold peace coin for global distribution. This most significant offering since the 1980 Olympic gold coin did not materialize, however, since the U.S. ban remained in place.

The domestic gold industry believes the lifting of the import ban would not adversely affect the U.S. coin market which is the largest coin market in the world. There are about 5,000 rare coin/pre-

cious metals dealers in the United States, ranging from small shops to multinational businesses. The precious coin and metals market has been severely depressed for some time; representatives of American coin dealers believe there is a great untapped demand for Soviet gold coins by American collectors and that removal of the import ban would provide a very positive stimulus to the domestic coin market. Coin sales would also help the U.S. gold mining industry since the gold would go directly from the Soviet Union into the hands of collectors, thereby bypassing the bullion market.

While the Soviet Union does not release information on its gold production, analysts estimate that the country produced about 260 tons in 1990, compared to 295 tons in the United States and 1,744 tons in the Western World. Since 1979 the Soviets have used about 546,000 troy ounces of pure gold to mint coins, compared to use in the United States during 1990 alone of nearly 584,000 troy ounces of gold to mint the American Eagle bullion coin and one commemorative coin.

Imports of gold coins enter the United States duty-free.

Committee Action

On September 24, 1991, the Subcommittee on Trade considered H.R. 3347 in markup session and ordered the bill favorably reported to the full Committee by voice vote, without amendment.

The Committee received correspondence from The Gold Institute and the Industry Council for Tangible Assets, representing the North American gold industry and bullion and rare coin dealers, endorsing the legislation and free trade in gold worldwide. The Committee is not aware of any opposition to removal of the import prohibition.

On November 19, 1991, the Committee on Ways and Means ordered H.R. 3347 favorably reported to the House of Representatives by voice vote, without amendment.

Matters Required To Be Discussed Under the Rules of the House

VOTE OF THE COMMITTEE IN REPORTING THE BILL

In compliance with clause 2(l)(2)(B) of rule XI of the Rules of the House of Representatives, the following statement is made relative to the vote of the Committee in reporting the bill: H.R. 3347 was ordered favorably reported by the Committee by voice vote, without amendment.

Oversight Findings

In compliance with clause 2(l)(3)(A) of rule XI of the Rules of the House of Representatives relating to oversight findings, the Committee reports, on the basis of its review of the Administration's request for the legislation and information supplied by private sector representatives, that enactment of H.R. 3347 is warranted to fulfill U.S. commitments to the Soviet Union.

With respect to clause 2(l)(3)(D) of rule XI of the Rules of the House of Representatives, no oversight findings or recommenda-

tions have been submitted to the Committee by the Committee on Government Operations with respect to the subject matter contained in the bill.

Budgetary Authority and Cost Estimates, Including Estimates of the Congressional Budget Office

In compliance with clause 2(l)(3)(B) of rule XI of the Rules of the House of Representatives, the Committee states that there are no tax expenditures or new budgetary authority providing financial assistance to State and local governments in the bill.

In compliance with clause 2(l)(3)(C) of rule XI of the Rules of the House of Representatives, the Committee agrees with cost estimates furnished by the Congressional Budget Office on H.R. 3347 and required to be included herein:

U.S. Congress,
Congressional Budget Office,
Washington, DC, November 18, 1991.

Hon. Dan Rostenkowski,
Chairman, Committee on Ways and Means,
House of Representatives, Washington, DC.

Dear Mr. Chairman: The Congressional Budget Office has reviewed H.R. 3347, a bill repealing the ban on imports of gold coins from the Soviet Union, as marked up by the Trade Subcommittee of the House Committee on Ways and Means on September 24, 1991. CBO estimates that enactment of the bill would cause no change in federal government revenues.

Since 1986, the import into the United States of any gold coin minted in the Soviet Union or offered for sale by the government of the Soviet Union has been illegal. Gold coins from other countries enter the United States duty-free. H.R. 3347 would lift the ban on imports of gold coins from the Soviet Union. Because the tariff rate on gold coins is zero, no revenue would be generated once imports of Soviet coins began. Therefore, enactment of H.R. 3347 would bring no change in federal government revenues.

H.R. 3347 could affect revenues and thus would be subject to pay-as-you-go procedures under Section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985. As a result, the estimate under Clause 8 of House Rule XXI also is included.

PAY-AS-YOU-GO CONSIDERATIONS

[By fiscal year, in millions of dollars]

	1992	1993	1994	1995
Changes in outlays	(1)	(1)	(1)	(1)
Changes in receipts	0	0	0	0

[1] Not applicable.

If you wish further details, please feel free to contact me or your staff may wish to contact John Stell at 226-2720.

Sincerely,

Robert D. Reischauer,
Director.

CONGRESSIONAL BUDGET OFFICE ESTIMATE [1]

The applicable cost estimate of this Act for all purposes of sections 252 and 253 of the Balanced Budget and Emergency Deficit Control of 1985 shall be as follows:

[By fiscal year, in millions of dollars]

	1992	1993	1994	1995
Changes in outlays	(1)	(1)	(1)	(1)
Changes in receipts	0	0	0	0

[1] Not applicable.

INFLATIONARY IMPACT

With respect to clause 2(l)(4) of rule XI of the Rules of the House of Representatives, the Committee states that H.R. 3347 would not have an inflationary impact on prices and costs in the operation of the general economy.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

SECTION 510 OF THE COMPREHENSIVE ANTI-APARTHEID ACT OF 1986

[PROHIBITION ON THE IMPORTATION OF SOVIET GOLD COINS

[SEC. 510. (a) No person, including a bank, may import into the United States any gold coin minted in the Union of Soviet Socialist Republics or offered for sale by the Government of the Union of Soviet Socialist Republics.

[(b) Any individual who violates this section or any regulations issued to carry out this section shall be fined not more than five times the value of the gold coins involved.]

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[1] An estimate of H.R. 3347, as marked up by the Trade Subcommittee of the House Committee on Ways and Means on September 24, 1991. This estimate was transmitted by the Congressional Budget Office on November 18, 1991.